

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Adopting Rules To  
Account For The Consideration Received By  
Regulated California Electric And Natural Gas  
Utilities Under A Settlement With El Paso  
Natural Gas Company, et al.

Rulemaking 03-07-008  
(Filed July 10, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING  
REGARDING FURTHER COMMENT ON ACCOUNTING AND  
RATEMAKING TREATMENT OF CONSIDERATION TO BE RECEIVED  
UNDER EL PASO SETTLEMENT**

It has come to the Commission's attention that a limited number of wholesale natural gas transportation customers of Pacific Gas and Electric Company (PG&E), who in turn resell gas to other customers, may not now be included in the treatment of the consideration to be received by PG&E pursuant to the El Paso Settlement as proposed in the Order Instituting Rulemaking (OIR). These customers of PG&E are Palo Alto, Coalinga, West Coast Gas-Mather, Island Energy, Alpine Natural Gas, and West Coast Gas-Castle.

These six entities buy gas directly from suppliers, and pay PG&E for transportation service. They are served on PG&E Schedule G-WSL (gas transportation service to wholesale/resale customers). The customers of these six entities suffered harm by high natural gas prices at the California border just as did other customers who will receive consideration under the Settlement. Arguably, they deserve an equitable portion of the consideration just as does each other customer similarly harmed by the high natural gas prices.

An equitable allocation of the El Paso consideration here might be obtained by allocating the total consideration to be awarded to PG&E gas customers (estimated to be \$75.0 million in nominal dollars over 20 years) on a basis to include these six entities. (See OIR at mimeo., page 6.<sup>1</sup>) That is, the proposed approach would provide a proportionate share of the estimated \$75.0 million to these six entities. The proportion would be determined by the amount of gas transported for these six wholesale customers by PG&E in relation to the total gas transported by PG&E for customers eligible for the \$75.0 million including the throughput of the additional six entities. It would be based on the 12 months immediately prior to the time that PG&E receives the first payment of consideration. In turn, there would be a proportionate reduction to customers otherwise eligible for part of the estimated \$75.0 million such that the net consideration to all PG&E natural gas customers remains at the estimated \$75.0 million. The resulting proportionate share of the consideration for the six entities would be used to reduce the transportation rate for these six transportation customers in the same manner as the Commission proposes to reduce the transportation rate for core aggregation customers. (See OIR at mimeo., pages 17-18.)

Just as was the process with the original OIR, parties may file and serve comments on this proposal, and alternative proposals. Parties may also file and serve reply comments. Comments and alternatives should be filed and served

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<sup>1</sup> A copy of the OIR, Scoping Memo, Rulings, other documents and the service list may be viewed on the Commission's web page for this proceeding by the following link: <http://www.cpuc.ca.gov/proceedings/R0307008.htm#top>

within seven days of the date of this ruling. Reply comments should be filed and served within three days of the date comments or alternative proposals are filed.

Whether or not PG&E files comments, PG&E should provide limited additional information within seven days of the date of this Ruling. That information is an estimate of the volumes of gas necessary to determine the proportions in the proposed method, amount of the estimated \$75.0 million that would be distributed to these six entities using the proposed method, and the reduction in consideration to other PG&E gas customers. PG&E should also present the results using any alternative method(s) that PG&E might propose. PG&E should use the latest 12 months recorded data that is readily available if a forecast of the results for the 12 months prior to the first payment of consideration is not easily determined.

Finally, to promote inclusion of these six customers, persons believed to represent these six customers are included on the information only portion of the service list effective immediately. Should any of the six entities wish to file comments (but not already be an appearance or represented by an appearance), the comments should be filed and served along with a motion for appearance status. (See July 30, 2003 Scoping Memo and Ruling.)

**IT IS RULED** that:

1. The Commission will consider the proposal stated in the body of this Ruling for the equitable treatment of consideration under the El Paso Settlement for the six identified wholesale transportation customers of Pacific Gas and Electric Company (PG&E).

2. Parties may file and serve comments on the proposal herein, alternative proposals, and reply comments. Comments and alternative proposals shall be filed and served within seven days of the date of this ruling. Reply comments shall be filed and served within three days of the date comments or alternative proposals are filed.

3. PG&E shall file and serve the information identified in the body of this Ruling within seven days of today. That information shall include the volumes of gas necessary to determine the proportions, and the amount of money in relation to the estimated \$75.0 million that would be distributed to these six entities, based on the proposed method, and any alternative method(s) proposed by PG&E.

4. Persons believed to represent these six entities are added to the information only portion of the service list. Appearance/party status shall be sought by filed and served motion as specified in the July 30, 2003 Scoping Memo and Ruling of the Assigned Commissioner.

Dated August 27, 2003, at San Francisco, California.

/s/ BURTON W. MATTSON

Burton W. Mattson  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail on those persons with an electronic mail address, this day served a true copy of the original attached Administrative Law Judge's Ruling Regarding Further Comment on Accounting And Ratemaking Treatment of Consideration to be Received Under El Paso Settlement on all parties of record in this proceeding or their attorneys of record.

Dated August 27, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.